**Committee on Ways and Means**
**Hearing on the President's and Other Bipartisan Proposals to Reform Medicare**
**May 21, 2013**

**Statement for the Record**

The Visiting Nurse Associations of America (VNAA) thanks the Committee for this opportunity to submit a statement for the record for the hearing on the "President's and Other Bipartisan Proposals to Reform Medicare." We remain staunchly opposed to proposals, such as co-pays, that would harm access to care and look forward to working with its Members on home health and hospice issues.

VNAA represents community-based nonprofit home health and hospice providers across the United States. Our members care for patients with serious and often chronic conditions by providing a full array of healthcare services along with care coordination, management and prevention. Our members are a vital link between homebound patients, their physicians and acute care settings. VNAA members serve all patients without regard to their ability to pay or the severity of their illness, with a particular focus on ensuring access for vulnerable patients.

VNAA regularly works with Congress and other policymakers to support the goals of providing access to cost-effective, high-quality healthcare and eliminating fraud and abuse. We have a long track record of recommending solutions to policymakers that improve the Medicare system while maintaining access to care for vulnerable Medicare beneficiaries.

VNAA respects the need to place the Medicare program on sound fiscal footing. However, our members' experience with patients clearly indicate that establishing a copay will decrease access to medically-necessary home health and increase unnecessary and more expensive acute care admissions.

Despite the fact that proposals to establish a Medicare home health copay have been put forward in many venues, the home health copay has been consistently opposed by VNAA and many organizations such as the Leadership Council on Aging Organizations, a consortium of sixty-eight prominent national aging advocacy organizations including the AARP and national organizations representing Catholic, Jewish and Lutheran seniors.[i]

It is important to note that Medicare home health is *only available* if a physician orders it for a patient who is homebound and requires skilled care. The establishment of copays for home health would most heavily burden the oldest and sickest Medicare beneficiaries.

Here is what we know about Medicare home health users:

- About eighty-six percent of home health users are age sixty-five or older, [ii]
- Sixty-three percent are seventy-five or older, and nearly thirty percent are eighty-five or older;
- Sixty-three percent are women; and
- Home health users have more limitations in activities of daily living than other beneficiaries.

VNAA urges policymakers to look to home healthcare providers as key partners who: 1) ensure high-quality care for homebound patients; 2) provide critical care coordination for patients with chronic conditions; 3) reduce costs across systems of healthcare; and 4) keep vulnerable patients at home and out of expensive acute care settings.

A copay would be a major step backwards for both patients and the healthcare delivery system. Congress modernized the home health benefit by eliminating copays in 1972 and a home health deductible in 1980 to encourage use of less costly, noninstitutional services. In an analysis of various proposals, the Urban Institute's Health Policy Center concluded that copays "...would fall on the home health users with the highest Medicare expenses and the worst health status, who appear to be using home health in lieu of more expensive nursing facility stays."[iii]

Like vulnerable patients who skip medications and become sicker, an important concern is that the economically stressed beneficiaries will skip medically-necessary care that their physician has ordered because they are not able to make a copayment.

The elderly already spend twenty-two percent of their income on health care; those in poor health spend forty-four percent and those who are low-income women over the age of eighty-five spend fifty-two percent of their income[iv]. An analysis by Avalere Health in 2011 confirms that patients who would be affected by a home health copay tend to be poorer; fifty-two percent have incomes below 200 percent of the poverty line, compared to forty-one percent of the overall Medicare population[v].

Recently, VNAA completed a study that focused on vulnerable patients who received home health. Study results support VNAA's concerns that imposing additional out-of-pocket cost requirements – especially on these most vulnerable seniors – will only exacerbate problems in the current system that may limit access to care for these patients.

The study found that Medicare home health episodes for patients with the following characteristics tended to have significantly lower reimbursement compared to cost:

- Communities with lower median household incomes
- Poorly-controlled chronic conditions (e.g. hypertension, diabetes, peripheral vascular disease)
- Intensive treatments including respiratory, intravenous, infusion therapy, and parenteral nutrition
- Clinically complex post-acute and community admissions
- Serious or frail overall status
- Problematic (higher stage) pressure ulcers
- Urinary and bowel incontinence
- No caregiver assistance for activities of daily living (eating, mobility, hygiene) as well as medication administration or medical procedures such as wound cleaning

Given the findings of this important study, VNAA has advocated that any changes to the Medicare home health payment system, including rebasing set to begin in the near future, must take into consideration the costs of providing care to patients with these characteristics.

VNAA welcomes the opportunity to further discuss with the Committee the implications of this study both as it relates to any proposals for home health copays and the need to make improvements to the Medicare home health payment system. If you have any questions please contact Kathleen Sheehan, Vice President of Public Policy, VNAA at 202-384-1456 or ksheehan@vnaa.org.

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[i] Leadership Council of Aging Organizations, *Medicare Home Health Copayments: Harmful for Beneficiaries*, December 2012, available at: http://www.lcao.org/files/2013/02/LCAO-Medicare-Home-Health-Copayments-Issue-Brief-Dec2012.pdf

[ii] Table 7.2 Medicare & Medicaid Statistical Supplement, 2010, available at: http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareMedicaidStatSupp/2012.html

[iii] The Urban Institute, *A Preliminary Examination of Key Differences In the Medicare Savings Bills*, 1997, available at: http://www.urban.org/publications/406988.html

[iv] The Commonwealth Fund, *Medicare's Future: Current Picture, Trends and Prescription Drug Policy Debate, Updated Charts,* 2003, available at: http://www.commonwealthfund.org/~/media/Files/Publications/Chartbook/2004/Feb/Medicares%20Future%20%20Current%20Picture%20%20Trends%20%20and%20Medicare%20Prescription%20Drug%20Improvement%20%20%20Modernizatio/cooper_chtpack_659%20pdf.pdf

[v] Avalere Health, LLC, *A Home Health CoPayment: Affected Beneficiaries and Potential Impacts*, 2011, available at: http://www.avalerehealth.net/pdfs/hhs_copay.pdf